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TWIN CITY ART FOUNDATION, INC.
(A Nonprofit Foundation)

Monroe, Louisiana

*Financial Statements
And Accountant's Report*

*For the Year Ended
April 30, 2007*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-7-07

DARLA S. TURNER, CPA
A Professional Accounting Corporation
2213 Liberty Street
Monroe, Louisiana 71201

TWIN CITY ART FOUNDATION, INC.
Monroe, Louisiana

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April 30, 2007

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Darla S. Turner, CPA

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MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

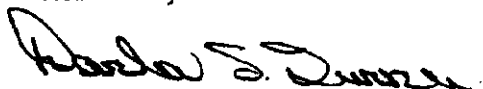
To the Board of Directors
Twin City Art Foundation, Inc.
(A Nonprofit Foundation)
Monroe, Louisiana

I have audited the accompanying statements of financial position of Twin City Art Foundation, Inc., (the Foundation) as of April 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twin City Art Foundation, Inc., as of April 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2007, on my consideration of the Twin City Arts Foundation, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

October 24, 2007

TWIN CITY ART FOUNDATION, INC.**(A Nonprofit Foundation)****Statements of Financial Position****April 30,**

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 157,382	\$ 155,898
Accounts receivable	4,606	3,243
Investments	<u>472,375</u>	<u>432,136</u>
Total Current Assets	<u>634,363</u>	<u>591,277</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	99,701	99,701
Furniture and fixtures	31,522	28,564
Less: accumulated depreciation	<u>(22,631)</u>	<u>(19,019)</u>
Net Property and Equipment	<u>108,592</u>	<u>109,246</u>
TOTAL ASSETS	<u>\$ 742,955</u>	<u>\$ 700,522</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 351	\$ 2,966
Total Current Liabilities	<u>351</u>	<u>\$ 2,966</u>
NET ASSETS		
Unrestricted:		
Operating	634,012	588,310
Property and Equipment	<u>108,592</u>	<u>109,246</u>
Total Net Assets	<u>742,604</u>	<u>697,556</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 742,955</u>	<u>\$ 700,522</u>

TWIN CITY ART FOUNDATION, INC.**(A Nonprofit Foundation)****Statement of Activities****For the Years Ended April 30,**

	2007	2006
PUBLIC SUPPORT AND REVENUE		
Art school	\$ 3,806	\$ 3,400
Memberships	31,461	26,088
Sales, art	3,925	5,725
Fundraisers	20,205	21,780
Miscellaneous	1,877	954
Grants	21,569	12,653
Juried exhibit	2,767	6,626
Corporate, inkind	1,500	-
Special events	1,013	-
Sponsors, exhibits	1,710	1,960
TOTAL PUBLIC SUPPORT AND REVENUE	89,832	79,186
PROGRAM EXPENSES		
Art school	3,553	3,434
Entertainment - museum & exhibits	4,258	1,577
Fundraisers	12,814	18,017
Gallery and artists	3,300	4,820
Insurance	8,282	9,882
Juried competition	5,926	6,446
Lectures and presentations	3,943	2,775
Library/subscriptions	263	203
Memberships and subscriptions	1,003	1,018
Miscellaneous	2,023	2,118
Office supplies and postage	3,145	5,343
Permanent collection	5,113	2,695
Printing and publications	2,029	4,236
Public relations	641	1,833
Show productions	25,140	18,800
Special events	6,814	1,268
Legal and professional	2,525	3,925
Depreciation	3,612	3,462
TOTAL PROGRAM EXPENSES	94,383	91,852
OTHER REVENUE (EXPENSE)		
Interest income	3,183	2,667
Gain on sale of securities- Argent	6,593	26,539
Unrealized gain on investments - Argent	19,067	322
Capital gain distributions - Argent	3,700	-
Dividend income - Argent	15,307	16,473
Fiduciary fees - Argent	(4,428)	(4,727)
TOTAL OTHER REVENUE (EXPENSE)	43,422	41,274
CHANGE IN NET ASSETS	38,870	28,607
NET ASSETS - BEGINNING OF YEAR		
BEFORE PRIOR PERIOD ADJUSTMENT	697,556	669,499
PRIOR PERIOD ADJUSTMENT (NOTE 8)	6,178	(550)
NET ASSETS, END OF YEAR	\$ 742,604	\$ 697,556

The accompanying notes are an integral part of this statement.

TWIN CITY ART FOUNDATION, INC.**(A Nonprofit Foundation)****Statements of Cash Flows****For the Years Ended April 30**

	2007	2006
Cash Flows from Operating Activities:		
Cash inflows:		
Membership	\$ 31,461	\$ 24,555
Fundraisers	20,205	21,780
Grant	21,569	12,653
Art sales	3,925	5,725
Annual juried competition	2,767	4,916
Art school	3,806	3,400
Interest	3,183	2,667
Sponsors/exhibits	1,710	1,960
Corporate in-kind	2,900	-
Special events	1,013	-
Miscellaneous	477	954
Cash outflows:		
Suppliers of goods	(83,411)	(77,064)
Insurance	(8,282)	(8,361)
Net Cash Flows from Operating Activities	1,323	(6,815)
Cash Flows from Investing Activities:		
Purchase of equipment	(2,958)	(99,701)
Investment	-	92,178
Net Cash Flows from Investing Activities	(2,958)	(7,523)
Net increase (decrease) in cash	(1,635)	(14,338)
Cash balance, May 1-before adjustment	155,898	170,235
Adjustment to beginning balance	3,119	-
Cash balance, May 1- after adjustment	159,017	170,235
Cash balance, April 30	\$ 157,382	\$ 155,898
Note: Acquired building improvements by sale of investments	\$ -	\$ 99,701
Reconciliation of Net Income to Cash Flows from Operating Activities:		
Increase (decrease) in Net Assets	\$ 38,870	\$ 28,607
Adjustments for noncash effects:		
Depreciation expense	3,612	3,462
Gain on sale of investments	(6,593)	(26,539)
Unrealized gain on investments	(19,067)	(322)
Dividends	(15,307)	(16,473)
Capital gain distributions	(3,700)	-
Fiduciary fees	4,428	4,727
Other increases	3,058	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1,363)	(3,243)
Decrease in accounts payable	(2,615)	2,966
Net cash flows from operating activities	\$ 1,323	\$ (6,815)

The accompanying notes are an integral part of this statement.

TWIN CITY ART FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

**NOTE 1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Operations

Twin City Art Foundation, Inc. (the "Foundation") was incorporated in 1974 as a nonprofit corporation based in Monroe, Louisiana. It was organized exclusively for charitable, educational and scientific purposes and particularly, the teaching, development, and promotion of the visual arts through the operation of museums and schools, including the development and presentation of a permanent collection of works of art for periodic display to the public. The Foundation is operated by a committee and no one on the committee receives compensation. It has a membership of approximately 500 and is co-sponsored by the City of Monroe, Louisiana, which acts as a friend to the Foundation.

Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting, in accordance with U. S. federally accepted accounting principles.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Public Support and Revenue:

Contributions are recorded when received and are generally available to unrestricted use unless specifically restricted by the donor.

Grants and other contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at their fair values in the period received.

TWIN CITY ART FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash in checking, savings and certificates of deposits are considered cash and cash equivalents for the purposes of the statement of cash flows.

Concentrations of Credit Risk:

The Twin City Art Foundation has checking accounts at a local financial institution. The accounts, in total, are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Except for liens filed for contractual services, the Twin City Art Foundation, Inc. does not require collateral to support financial instruments subject to credit risk.

Income Taxes:

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Property and Equipment:

Assets have been recorded at cost when cost could be determined and at estimated cost when cost records could not be located. All donated assets have been recorded at estimated fair value on the date of donation. Fixed assets are depreciated over estimated useful lives of five to ten years using the straight line method.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at April 30,

	<u>2007</u>	<u>2006</u>
Bank One – Checking	\$ 24,052	\$ 23,140
Bank One – Checking (Petty Cash)	613	254
Bank One – Money Market	32,717	32,504
Hibernia Bank – CD	<u>100,000</u>	<u>100,000</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 157,382</u>	<u>\$155,898</u>

TWIN CITY ART FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

NOTE 3. SALARIES AND PENSION PLAN

The City of Monroe pays the employees of the Foundation. Thus no salaries or pensions are recognized as a Foundation expense.

NOTE 4. DONATED SERVICES AND FACILITIES

The Foundation receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Foundation occupies without charge the Masur Museum. The estimated fair rental value of the premises is not included as support or expense.

NOTE 5. ART COLLECTION

In conformity with the practice followed by most museums, art objects purchased and donated are not included on the balance sheet. During 2006 and 2007 the cost of collection items purchased by the Foundation totaled \$4,680. Art objects are frequently displayed in the exhibition galleries of the Masur Museum of Art. When not on display, the objects are maintained in climate controlled storage. The Foundation maintains policies and procedures addressing the upkeep of the collection, as well as other aspects of its management, including accession/deaccession policies.

The insurance appraisal for the art collection is \$539,459.

NOTE 6. INVESTMENTS

The investments held at April 30, 2007 are stated at their fair value in the statement of financial position.

The Foundation has appointed Argent Capital Management as investment manager and custodian.

TWIN CITY ART FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

Investments at April 30, 2007 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
PIF Temp Fund, #24	\$ 48,199	\$ 48,199
Loomis Sayles Bond Institutional Fund #1162	43,835	46,870
Pimco Developing Local Markets #1872	27,161	28,419
Pimco Total Return Fund #35	92,685	91,181
Vanguard Short Term Corporate Fund	45,318	45,767
Harbor Capital Appreciation Instl.	22,128	23,300
Selected American Shares Fund CLD	24,454	33,652
T. Rowe Price Equity Income Fund #71	36,962	43,046
Vanguard Growth & Income Fund #93	29,911	43,439
Longleaf Partners	25,269	28,507
Dodge & Cox International Stock Fund	<u>30,895</u>	<u>39,995</u>
Total	<u>\$ 426,817</u>	<u>\$ 472,375</u>

Argent Trust investment return is summarized as follows for the year ended April 30, 2007.

	<u>2007</u>
Dividend income	\$ 15,307
Capital Gains Distributions	3,700
Net realized and unrealized gains (losses)	<u>25,660</u>
TOTAL	<u>\$ 44,667</u>

The Foundation received no distributions from the investments at Argent Financial during the fiscal year 2006-07.

TWIN CITY ART FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

NOTE 6. INVESTMENTS

The investments held at April 30, 2006 are stated at their fair value in the statement of financial position.

The Foundation has appointed Argent Capital Management as investment manager and cus

Investments at April 30, 2006 consist of the following:

	<u>Cost</u>	<u>Market Value</u>
PIF Temp Fund, #24	\$ 27,218	\$ 27,218
Loomis Sayles Bond Institutional Fund #1162	58,158	59,237
Pimco Developing Local Markets #1872	33,525	34,228
Pimco Total Return Fund #35	93,261	90,771
Vanguard Short Term Corporate Fund	33,588	33,429
Harbor Capital Appreciation Instl.	16,762	16,859
Selected American Shares Fund #205	19,332	26,490
T. Rowe Midcap Equity Growth Fund #116	14,958	17,461
T. Rowe Price Equity Income Fund #71	29,356	30,936
Vanguard Growth & Income Fund #93	25,119	35,125
Longleaf Partners	20,953	22,759
Dodge & Cox International Stock Fund	<u>33,525</u>	<u>37,623</u>
	<u>\$405,755</u>	<u>\$ 432,136</u>

Argent Trust investment return is summarized as follows for the year ended April 30, 2006.

	<u>2006</u>
Dividend income	\$ 16,473
Net realized and unrealized gains (losses)	<u>26,861</u>
TOTAL	<u>\$ 43,334</u>

The Foundation received a distribution of \$92,178 from the investments at Argent Financial for the renovations to the Museum building..

TWIN CITY ART FOUNDATION, INC
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2007 AND 2006

NOTE 7 – COMMITMENTS AND CONTENGINCIES

The Foundation pledged \$50,000 from restricted capital funds toward G. B. Cooley House Phase I renovations. This pledge is contingent upon final Board approval that proper organizational and financial arrangements are in place to proceed with Phase I renovations.

NOTE 8– PRIOR PERIOD ADJUSTMENT

Entries to void selected checks in the operating account and in the petty cash account were recorded after the audit was completed and delivered. This resulted in the prior period net assets being understated by \$3,120. Also, an account payable was recorded in the accounting records after the audit was completed which resulted in a decrease in net assets for a net increase of \$3,015. Therefore, the beginning balance in net assets was increased through a prior period adjustment in the amount of \$3,015.

An adjustment of \$3,163 was made to reflect a final grant payment from the Louisiana State Arts Council that was received in July, 2006. These funds belonged to the grant for the 2005-2006 fiscal year and should have been recorded as a receivable and revenue for that period.

The accounts receivable for the current period contains \$4,375, which is the final payment for the grant from the Louisiana State Arts Council for the period 2006-2007.

TWIN CITY ART FOUNDATION, INC.
(A Nonprofit Foundation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2007

PART 1 - Summary of the Auditor's Results

Financial Statement Audit

1. My auditor's report expresses an unqualified opinion.
2. There were no instances of noncompliance material to the financial statements of the Twin City Art Foundation, Inc. as required to be reported in accordance with *Government Auditing Standards*.
3. There were no reportable conditions required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit of Federal Awards

During the year ended April 30, 2007, there was no federal financial assistance received by the Twin City Art Foundation, Inc.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

NONE

TWIN CITY ART FOUNDATION, INC.

(A Nonprofit Foundation)

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended April 30, 2007

PART 1 - Summary of the Auditor's Results

Financial Statement Audit

1. The auditor's report expressed an unqualified opinion.
2. There were no instances of noncompliance material to the financial statements of the Twin City Art Foundation, Inc. as required to be reported in accordance with *Government Auditing Standards*.
3. There were no reportable conditions required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit of Federal Awards

During the year ended April 30, 2006, there was no federal financial assistance received by the Twin City Art Foundation, Inc.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

NONE

Darla S. Turner, CPA

A Professional Accounting Corporation

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MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Twin City Art Foundation, Inc.
(A Nonprofit Foundation)
Monroe, Louisiana

I have audited the financial statements of Twin City Art Foundation, Inc., (a nonprofit foundation) as of and for the years ended April 30, 2007 and 2006, and have issued my report thereon dated October 24, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Twin City Art Foundation, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Twin City Art Foundation, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Twin City Art Foundation, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Twin City Art Foundation, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



DARLA S. TURNER
CERTIFIED PUBLIC ACCOUNTANT

October 24, 2007